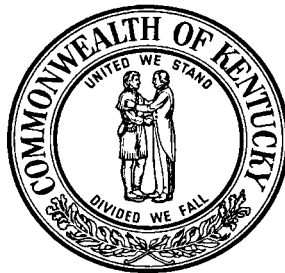


**REPORT OF THE AUDIT OF THE  
WAYNE COUNTY  
CLERK**

**For The Year Ended  
December 31, 2002**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.kyauditor.net](http://www.kyauditor.net)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
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**CRIT LUALLLEN**  
**Auditor of Public Accounts**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Bruce Ramsey, Wayne County Judge/Executive  
Honorable Carol Jones, Wayne County Clerk  
Members of the Wayne County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Wayne County, Kentucky, for the year ended December 31, 2002.

We engaged Ross & Company, PLLC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Ross & Company, PLLC evaluated the Wayne County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDIT OF THE  
WAYNE COUNTY  
CLERK**

**For The Year Ended  
December 31, 2002**

**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
800 Envoy Circle  
Louisville, KY  
Telephone (502) 499-9088  
Facsimile (502) 499-9132



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE WAYNE COUNTY CLERK**

**For The Year Ended  
December 31, 2002**

Ross & Company, PLLC has completed the Wayne County Clerk's audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees decreased by \$1,120 from the prior calendar year, resulting in excess fees of \$126,026 as of December 31, 2002. Revenues increased by \$201,903 from the prior year and disbursements increased by \$203,023.

#### **Debt Obligations:**

Capital lease principal and interest outstanding as of December 31, 2002 was \$7,437.

#### **Deposits:**

The Clerk's deposits were insured and collateralized by bank securities or bonds.





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**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
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**Louisville, KY**  
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To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Bruce Ramsey, Wayne County Judge/Executive  
Honorable Carol Jones, Wayne County Clerk  
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Wayne County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Bruce Ramsey, Wayne County Judge/Executive  
Honorable Carol Jones, Wayne County Clerk  
Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2003, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company", is written in dark ink.

Ross & Company, PLLC

Audit fieldwork completed -  
November 13, 2003

WAYNE COUNTY  
CAROL JONES, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

State Grants		\$	25,860
State Fees For Services			9,147
Fiscal Court			8,312
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	469,783	
Usage Tax		1,026,652	
Tangible Personal Property Tax		1,005,104	
Licenses-			
Fish and Game		6,150	
Marriage		5,900	
Occupational		1,473	
Deed Transfer Tax		29,167	
Delinquent Tax		56,995	2,601,224
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	16,305	
Real Estate Mortgages		34,728	
Chattel Mortgages and Financing Statements		65,475	
Powers of Attorney		1,179	
All Other Recordings		21,248	
Charges for Other Services-			
Candidate Filing Fees		1,930	
Copy and Fax Work		4,012	
Postage		831	
Motor Vehicle Lien Fees		5,298	
Notary Fees		7,680	158,686
Other:			
Miscellaneous			440
Interest Earned			1,604
Total Receipts		\$	2,805,273

The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY  
 CAROL JONES, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Year Ended December 31, 2002  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 357,801

Usage Tax 994,767

Tangible Personal Property Tax 377,516

Licenses, Taxes, and Fees-

Fish and Game 5,871

Delinquent Tax 8,073

Legal Process Tax 18,578

Candidate Filing Fees 630 \$ 1,763,236

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 77,935

Delinquent Tax 5,814

Deed Transfer Tax 27,709

Occupational Licenses 1,226 112,684

Payments to Other Districts:

Tangible Personal Property Tax \$ 507,837

Delinquent Tax 30,127 537,964

Payments to Sheriff

1,048

Payments to County Attorney

7,833

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 148,292

Contracted Services-

Printing and Binding 4,039

Deed Indexing 1,700

Maintenance on Equipment 164

Libraries and Archives Grant Expensed 25,860

Materials and Supplies-

Office Supplies 1,301

Other Charges-

Conventions and Travel 985

Dues 500

Postage 146

Refunds 954

Capital Outlay-

Office Equipment 380 184,321

The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY  
 CAROL JONES, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Year Ended December 31, 2002  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Debt Service:

Lease Purchases	\$	3,337	
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Total Disbursements			\$	2,610,423
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Net Receipts			\$	194,850
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Less: Statutory Maximum				62,259
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Excess Fees			\$	132,591
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Less: Expense Allowance	\$	3,600		
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Training Incentive Benefit		2,965		6,565
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Excess Fees Due County for 2002			\$	126,026
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Payments to County Treasurer- January 9, 2002	\$	90,000		
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February 13, 2003		25,000		
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November 13, 2003		11,026		126,026
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Balance Due at Completion of Audit			\$	0
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The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months and 6.34 percent for the last six months of the year.



WAYNE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2002  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2002, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$25,710. During 2002, grant funds of \$25,710 were received and \$150 of interest was earned. Grant funds of \$25,860 were expended during 2002. The unexpended grant balance is \$0 as of December 31, 2002.

Note 5. Lease

The office of the County Clerk is committed to a lease agreement with Xerox for a copier. The agreement requires a monthly payment of \$275 for 60 months to be completed on March 7, 2005. The total balance of the agreement is \$7,437 as of December 31, 2002.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
**800 Envoy Circle**  
**Louisville, KY**  
**Telephone (502) 499-9088**  
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To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
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Honorable Carol Jones, Wayne County Clerk  
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Wayne County Clerk for the year ended December 31, 2002, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Clerk's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company".

Ross & Company, PLLC

Audit fieldwork completed -  
November 13, 2003

